



## **AFRICA CLEAN ENERGY SOLUTIONS LIMITED**

Incorporated in the Republic of Mauritius  
Registration number: 152282 C1/GBL  
Having its registered office address at  
c/o Intercontinental Trust Ltd, Level 3, Alexander House  
35 Cybercity, Ebene 72201, Mauritius  
SEM share code: ACES.N0000  
ISIN: MU0620N00008  
("ACES Renewables" or the "Company")



[ACES Renewables and its subsidiaries are collectively referred to as the "Group"]

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### **ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

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#### **DIRECTORS' COMMENTARY & COMPANY OVERVIEW**

The financial year ended 30 June 2023 has been eventful. The rise in global central bank policy rates to fight inflation, continues to weigh on worldwide economic activity.

#### **Financial results review**

The Group made a loss of \$1.6m for the year ended 30 June 2023.

Revenue of \$501k was derived from rooftop solar installations. Revenue from rooftop installations in South Africa is expected to increase to over \$1.5m in 2024. By its nature, rooftop installation revenue is not earned in a steady stream. Consequently, the Group recognizes the need to produce steady streams of annuity income, which is why it is in the process of developing ground-mounted solar projects. Revenue from this source is expected to be in the region of \$1.5m for the year ending 30 June 2024.

#### **Kenya, Uganda and Zambia**

Our projects in Kenya, Uganda and Zambia are denominated in US\$ and as such are protected against any local currency fluctuations. Although the US federal reserve raised interest rates from 1.75% in July 2022 to 5.25% by the end of June 2023, it has had little impact on these east-African projects as they are in the permitting phase, implying that construction is yet to begin and therefore no debt has yet been raised. We expect to have completed the permitting phase towards the end of 2024, beginning of 2025. At this point, the Company would have raised enough capital to begin the construction phase.

- Kenya has been delayed due to a new president being elected and the replacement of the key staff at Kenya Power and Lighting Company (KPLC). Our Kenyan subsidiary, Tana Biomass has commenced discussions with KPLC, who has advised Tana Biomass that the project is still required and the main issue in the discussion is a revision of the Tariff.
- The Uganda Electricity Distribution Company (UEDCL) requires a detailed feasibility study to be finalized. Although the Tariff has been agreed the Power Purchase agreement will only be signed against a presentation of a feasibility study. This study has commenced and is expected to be completed in the second quarter of 2024.

- The project in Zambia requires a feasibility study to be completed. Our partner in Zambia, The University of Fort Hare has obtained support from the Zambia Electricity Supply Corporation (Zesco) to proceed with the study.

### **South Africa**

During the financial year, the Group continued with the implementation of its strategy. This is two-fold, being both a short-term and a long-term strategy. The short-term strategy is to concentrate on rooftop solar installations for commercial and industrial (C&I) clients. We installed a total of 800kW and have a number of proposals awaiting finalization. In 2022, the country experienced 208 days in which power was curtailed. This is expected to increase to 49 weeks in 2023. We have noticed that there is a heightened demand for C&I installations, as it is estimated that Eskom is currently unable to meet demand by up to 9,000MW. This is reflected in the fact that we have 15 proposals being considered by various clients, to the tune of 8MW in total.

In addition as part of our long-term implementation strategy, we have begun to develop 2 ground-mounted solar (GMS) projects; which will produce 192MW DC when completed. This is Phase 1 of our GMS pipeline. Our subsidiary, SACE Projects has secured appropriate land with an appropriate Eskom connection, under a 25-year lease. We are currently in the permitting phase. Consultants have been appointed to obtain the necessary permits and licences, such as the EIA, water licence, topographical and geological surveys and Eskom grid studies, to name a few. This is a timely and costly process. We expect to complete this phase by Q2 2024. On completion, the projects are deemed 'shovel ready'. Each project will either be sold, or capital will be raised in order for us to begin the development and construction of the solar farm. Each project will generate a development fee, whether we decide to sell the projects or keep them. This development fee will facilitate the ability for us to begin the permitting phase on our planned GMS phase 2; which will again be 3 projects with a total of 300MW. We have a number of interested parties in the energy that these GMS projects will produce and are in the process of finalizing letters of interest (LOI) from these potential off-takers. These LOIs will be converted into power purchase agreements (PPA) the closer the projects become to shovel ready.

### **Fund raising**

During the year, we raised capital by an issue of new shares in ACES Renewables. In addition, we have a number of interested parties, who have indicated interest in investing in the Group by acquiring equity or providing debt, or both. This is a direct result of the strategy we adopted at the beginning of the financial year, where we decided to grow into the GMS space. As stated above, not only will this strategy allow us to receive development fees, but in the instance where we retain an equity stake in the GMS, it will provide strong annuity income flows.

The Directors are optimistic that the next twelve months will positively shape the future of the Company.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited as at 30 June 2023	Audited as at 30 June 2022
	US\$	US\$
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	1,125,615	297
Investments in associated companies	-	321,820
Loans to related parties	82,655	1,785,542
<b>Total non current assets</b>	<b>1,208,270</b>	<b>2,107,659</b>
<b>Current Assets</b>		
Inventories	2,972	-
Other receivables	132,497	22,535
Loans to related parties	55,640	156,579
Cash and cash equivalents	87,240	4,238
<b>Total current assets</b>	<b>278,349</b>	<b>183,352</b>
<b>Total assets</b>	<b>1,486,619</b>	<b>2,291,011</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	3,766,053	3,407,721
Equity component of convertible loan	-	40,000
Foreign currency translation reserve	34,860	17,102
Accumulated loss	(3,895,595)	(2,568,352)
<b>Equity attributable to owners of the parent</b>	<b>(94,682)</b>	<b>896,471</b>
Non-controlling interest	(497,362)	(234,455)
<b>Total equity</b>	<b>(592,044)</b>	<b>662,016</b>
<b>Non Current Liabilities</b>		
Amounts payable to related parties	96,148	41,236
<b>Current Liabilities</b>		
Other payables	1,914	-
Accruals and payables	1,852,852	1,549,006
Amounts payable to related parties	127,749	38,753
<b>Total liabilities</b>	<b>2,078,663</b>	<b>1,628,995</b>
<b>Total equity and liabilities</b>	<b>1,486,619</b>	<b>2,291,011</b>
Number of shares in issue	30,577,444	29,275,770
Net asset value per share	(0.0031)	0.0306

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Audited for the year ended 30 June 2023	Audited for the year ended 30 June 2022
<b>INCOME</b>	<b>US\$</b>	<b>US\$</b>
Interest on loan	52,178	191,213
Dividend income and management fees	-	267,329
Gain on disposal of investments	-	8,684
Revenue	561,773	-
	<b>613,951</b>	<b>467,226</b>
<b>EXPENSES</b>		
Cost of sales	(455,157)	(12,500)
Audit and accounting fees	(119,767)	(143,973)
Directors' fees	(500,000)	(320,750)
Salaries and wages	(63,344)	-
Professional fees	(76,448)	(71,350)
Consulting fees	(5,005)	(24,289)
Impairment of plant and equipment	(403,439)	-
Reversal (provision) of ECL loss allowance	27,383	(8,479)
Write off loans receivable	(70,953)	
Goodwill written off	(16,009)	(129,946)
Loss on disposal of associate or subsidiary	(207,290)	(15,334)
Finance costs	(253,334)	(274,436)
Share of loss of associated company	(64,969)	(313,346)
Other operating expenses	(63,825)	(23,082)
	<b>(2,272,157)</b>	<b>(1,337,485)</b>
Loss before taxation	(1,658,206)	(870,259)
Taxation	-	(16,332)
<b>Loss for the year</b>	<b>(1,658,206)</b>	<b>(886,591)</b>
Other comprehensive profit (loss) for the year	54,126	(18,254)
<b>Total comprehensive loss for the year</b>	<b>(1,604,080)</b>	<b>(904,845)</b>
<b>Loss attributable to:</b>		
Non-controlling interests	(1,327,243)	(875,551)
Owners of the company	(330,963)	(11,040)
	<b>(1,658,206)</b>	<b>(886,591)</b>
<b>Total comprehensive loss attributable to:</b>		
Non-controlling interests	(1,309,485)	(883,662)
Owners of the company	(294,595)	(21,183)
	<b>(1,604,080)</b>	<b>(904,845)</b>
<b>Weighted average number of shares</b>	<b>29,486,453</b>	<b>29,275,770</b>
<b>Basic loss per share</b>	<b>(0.0450)</b>	<b>(0.0299)</b>

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited for the year ended 30 June 2023	Audited for the year ended 30 June 2022
	US\$	US\$
Net cash used in operating activities	(306,027)	(254,436)
Net cash flows (used in) from investing activities	(14,631)	615,945
Net cash flows from (used in) financing activities	407,289	(469,023)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate	86,631	(107,514)
Effect of exchange rate changes on cash and cash equivalents	(3,629)	-
Cash and cash equivalents at beginning of year	4,238	111,752
Cash and cash equivalents at end of year	87,240	4,238

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2022	Stated capital	Equity component of convertible loan	Foreign currency translation reserves	Financial assets at fair value through other comprehensive income reserve	Accumulated loss	Equity attributable to owners of the company	Non-controlling interest	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 01 July 2021	3,407,721	31,286	79,764	(93,066)	(1,654,286)	1,771,419	(48,346)	1,723,074
Loss for the year	-	-	-	-	(875,551)	(875,551)	(11,040)	(886,591)
Other comprehensive loss	-	-	(8,111)	-	-	(8,111)	(10,143)	(18,254)
Total comprehensive loss for the period	-	-	(8,111)	-	(875,551)	(883,662)	(21,183)	(904,845)
Dividend paid to minority interest	-	-	-	-	-	-	(118,670)	(118,670)
Release to retained earnings on disposal of investment	-	-	-	93,066	(93,066)	-	-	-
Equity component of convertible loan stock	-	8,714	-	-	-	8,714	-	8,714
Acquisition of subsidiary	-	-	-	-	-	-	(40,293)	(40,293)
Disposal of investment	-	-	-	-	-	-	(5,964)	(5,964)
Release on disposal of investment	-	-	(54,551)	-	54,551	-	-	-
Balance at 30 June 2022	3,407,721	40,000	17,102	-	(2,568,352)	896,471	(234,455)	662,016

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

2023	Stated capital	Equity component of convertible loan	Foreign currency translation reserves	Accumulated loss	Equity attributable to owners of the company	Non-controlling interest	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 01 July 2022	3,407,721	40,000	17,102	(2,568,352)	896,471	(234,455)	662,016
Loss for the year	-	-	-	(1,327,243)	(1,327,243)	(330,963)	(1,658,206)
Other comprehensive loss	-	-	17,758	-	17,758	36,368	54,126
Total comprehensive loss for the year	-	-	17,758	(1,327,243)	(1,309,485)	(294,595)	(1,604,080)
Conversion of convertible loan	40,000	(40,000)	-	-	-	-	-
Issue of new shares	318,332	-	-	-	318,332	-	318,332
Non controlling interest arising on business combination	-	-	-	-	-	31,688	31,688
Balance at 30 June 2023	3,766,053	-	34,860	(3,895,595)	(94,682)	(497,362)	(592,044)

**NOTES:**

- The Company is required to publish the abridged audited consolidated financial statements (“**abridged audited financial statements**”) for the year ended 30 June 2023 in terms of Listing Rule 12.14 of the SEM. These abridged audited financial statements have been prepared in accordance with the measurement and recognition requirements of IFRS and the SEM Listing Rules, using the same accounting policies as those of the audited financial statements for the year ended 30 June 2022.
- No dividends were declared or paid to shareholders during the financial year ended 30 June 2023.
- Copies of the abridged audited financial statements, are available free of charge, upon request at the Registered Office of the company at c/o Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius. Contact Person: Mrs Smitha Algoo-Bissonauth.
- This communiqué is issued pursuant to SEM Listing Rules 11.3 and 12. The Board accepts full responsibility for the accuracy of the information contained in this communiqué.

By order of the Board

Intercontinental Trust Limited  
Company Secretary

13 October 2023

For further information, please contact:

**SEM Authorised Representative & Sponsor**



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**Company Secretary**



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